

Docket	:	<u>A.13-11-003</u>
Exhibit Number	:	<u>ORA-01</u>
Commissioner	:	<u>Peevey</u>
ALJ	:	<u>Darling/Dudney</u>
Witness	:	<u>Burns</u>



**OFFICE OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**Report on the Results of Operations
for
Southern California Edison Company
General Rate Case
Test Year 2015**

Executive Summary

San Francisco, California
August 4, 2014

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EXECUTIVE SUMMARY

I. INTRODUCTION – THE OFFICE OF RATEPAYER ADVOCATES RECOMMENDS A REDUCTION IN SOUTHERN CALIFORNIA EDISON COMPANY’S PROPOSED REVENUE INCREASES FOR 2015 thru 2017

The Office of Ratepayer Advocates (ORA) submits its reports and exhibits in response to Southern California Edison Company’s (SCE or Edison) Application (A.) 13-11-003 for a Test Year (TY) 2015 General Rate Case (GRC), which also includes proposed revenue increases for the 2016 and 2017 Post Test Years.

ORA recommends a \$464 million (-8.3%) GRC revenue decrease in 2015, from \$5.632 billion to \$5.168 billion. ORA’s forecast is \$692 million lower than SCE’s request for a \$228 million (4.0%) increase to \$5.860 billion.

This exhibit presents ORA’s executive summary regarding SCE’s GRC revenue requirement requests for 2015 through 2017.

SCE requests that the California Public Utilities Commission (Commission or CPUC) authorize a base revenue requirement (ABRR) increase effective January 1, 2015, for the utility’s Electric Operations (Generation, Transmission, and Distribution) which fall within the CPUC’s ratemaking jurisdiction. SCE requests that its ABRR be increased from a currently authorized level of \$5.632 billion to \$5.860 billion in 2015.¹

Table 1-1 compares ORA’s and SCE’s estimates of Test Year 2015 GRC revenues relative to the utility’s authorized level of 2015 revenues.

¹ Ex. SCE-14, Attachment 16, p. 11, Table III-5.

Table 1-1
SCE Requests a \$228 Million Base Revenue Requirement Increase in 2015,
While ORA Recommends a \$464 Million Decrease
(in Millions of Dollars)

Description (a)	SCE 2015 Authorized Revenues (b)	SCE 2015 Proposed Revenues (c)	SCE Forecasted Increase over 2015 Authorized Revenues (d=c-b)	ORA 2015 Recommended Revenues (e)	ORA Recommended Decrease over 2015 Authorized Revenues (f=e-b)
Total Base Revenues	\$5,632	\$5,860	\$228	\$5,168	\$(692)

Table 1-2 compares ORA's and SCE's forecasts of Post Test Year (PTY) 2016 and 2017 revenue increases.

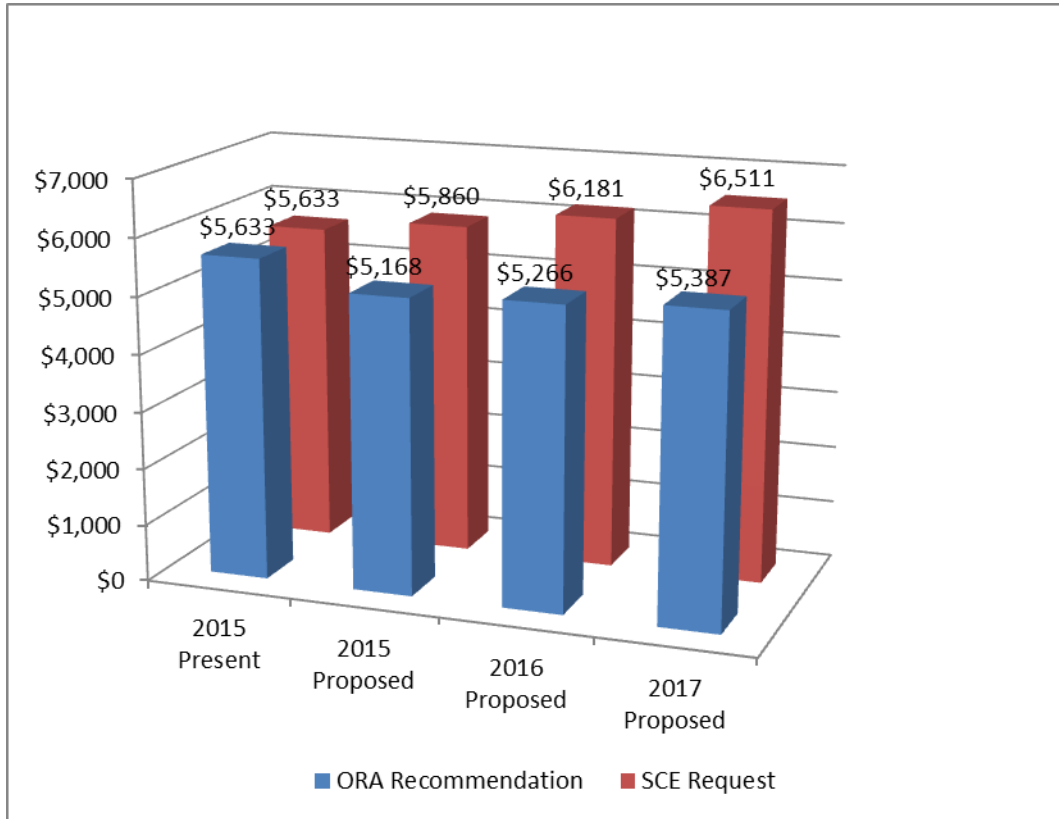
Table 1-2
SCE Requests Post Test Year Revenue Increases of \$320 Million in 2016
and \$330 Million in 2017, While ORA Recommends More Modest Increases
of \$98 Million and \$121 Million, Respectively
(in Millions of Dollars)

Description (a)	SCE Requested 2016 Revenue Increase (b)	SCE Requested 2017 Revenue Increase (c)	ORA Recommended 2016 Revenue Increase (d)	ORA Recommended 2017 Revenue Increase (d)
Attrition Revenue Increase	\$320.7	\$330.3	\$98.2	\$121.1

Figure 1-1 below presents a graphical depiction of ORA's recommended revenue requirement level for 2015 through 2017, compared to SCE's request.

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Figure 1-1
SCE v. ORA, 2015 – 2017 GRC Revenues (\$ Millions)



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4 Revenues associated with the Four Corners Generating Station and the San
5 Onofre Nuclear Generating Station (SONGS) have been removed from ORA's
6 revenue requirement figures.

7 The difference between ORA's recommendation and SCE's request is \$692.4
8 million for TY 2015. Approximately 56 percent of the difference (\$387 million)
9 between ORA's recommendation and SCE's request comes from four areas: (1)
10 depreciation (\$272 million), (2) Results Sharing (approximately \$80 million), (3)
11 Executive stock options/incentives (approximately \$18 million) and (4) Executive
12 benefits (supplemental pensions, etc., approximately \$17 million). ORA made
13 extensive use of SCE's 2013 recorded capital expenditures totals, which were \$325
14 million lower than SCE's forecast.²

² SCE response to ORA data request DRA-Verbal-038, Q.1.

1 **II. OVERVIEW / SUMMARY – THE COMMISSION SHOULD ADOPT**
2 **ORA’s TEST YEAR 2015 and POST TEST YEARS 2016 - 2017**
3 **RECOMMENDATIONS IN THEIR ENTIRETY**

4 This section provides an overview and summary of SCE’s requests and
5 ORA’s recommendations regarding the Test Year 2015 revenue requirement and
6 Post Test Year 2016 and 2017 revenue increases.

7 **A. SCE Requests \$5.860 Billion in GRC Revenues for Test**
8 **Year 2015 – an Increase of \$228 Million (4.0%) over 2015**
9 **Authorized Revenues**

10 On November 12, 2013, SCE filed an application requesting that the
11 Commission authorize a CPUC-jurisdictional base revenue requirement of \$5.860
12 billion for the utility’s electric distribution, transmission, and generation operations, to
13 be effective January 1, 2015.

14 SCE requests additional revenues in 2015 to cover higher costs associated
15 with, among other things: operating and maintaining its electric system, customer-
16 related expenses (e.g., meter installation, customer records and collection, and
17 responding to customer inquiries), administrative and general expenses (e.g.,
18 employee salaries, insurance, and outside contractors), and rate base (e.g., net
19 infrastructure investment).

20 The following table replicates, in part, one which appears in SCE’s testimony
21 showing SCE’s proposed ABRR for 2015 through 2017 relative to its estimated
22 present revenue requirement for each of those years.³
23

³ Ex. SCE-14, Attachment 16, p. 11, Table III-5.

Table 1-3
SCE's 2015 thru 2017 Revenue Requirement Request
(in Thousands of Nominal Dollars)

Line (a)	Description (b)	2015 (c)	2016 (d)	2017 (e)
1	Proposed GRC Base Revenue Requirement	\$5,860,457	\$6,181,177	\$6,511,456
2	Estimated Present Revenue Requirement	\$5,632,680	\$5,860,457	\$6,181,177
3	GRC ABRR Change (line 1 - line 2)	\$227,777	\$320,720	\$330,279
4	Less: (GRC Revenue Growth + Residential Service Disconnection Memo Account)	\$48,942	\$45,582	\$28,250
5	GRC Revenue Increase (line 3 - line 4)	\$178,835	\$275,137	\$302,029
6	Percent Revenue Increase (line 5 / line 2)	3.2%	4.7%	4.9%

SCE portrays its requested revenue increases as equal to \$178.8 million (3.2%) in 2015, \$275.1 million (4.7%) in 2016, and \$302.0 million (4.9%) in 2017.⁴ In reality, SCE is asking for much more. To get a true indication of SCE's ABRR request, one must consider the revenue increases without: (1) the estimated sales growth and (2) deduction for the Residential Service Disconnection Memo Account.

- Without the estimated sales growth and deduction for the Residential Service Disconnection Memo Account, SCE's request amounts to a base revenue requirement increase of \$227.8 million (4.0%) in 2015, \$320.7 million (5.5%) in 2016, and \$330.3 million (5.3%) in 2017.

SCE's proposed change in GRC base revenues from the present level of \$5.633 billion in 2015 to the proposed level of \$6.511 billion in 2017 represents a 15.6% increase over currently authorized levels. This equates to a 3-year cumulative increase of \$1.655 billion.

⁴ Id.

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D. ORA Recommends More Modest Post Test Year Revenue Increases for 2016 and 2017

ORA recommends revenue increases of \$98.2 million (1.9%) in 2016 and \$121.1 million (2.3%) in 2017, as shown in Tables 1-5 and Table 1-6:

Table 1-5
ORA Recommended vs. SCE Proposed
Post Test Year Revenue Increases for 2016
(in Thousands of Dollars)

Description (a)	ORA Recommended (b)	SCE Proposed ⁶ (c)	\$ Amount SCE>ORA (d=c-b)	Percentage SCE>ORA (e=d/b)
2016 Base Rev. Req.	\$5,266,260	\$6,181,177	\$914,917	17%
2015 Base Rev. Req.	\$5,168,067	\$5,860,457	\$692,390	13%
Proposed Rev. Change (\$)	\$98,193	\$320,720	\$222,527	226%
Proposed Rev. Change (%)	1.9%	5.5%		

Table 1-6
ORA Recommended vs. SCE Proposed
Post Test Year Revenue Increases for 2017
(in Thousands of Dollars)

Description (a)	ORA Recommended (b)	SCE Proposed ⁷ (c)	\$ Amount SCE>ORA (d=c-b)	Percentage SCE>ORA (e=d/b)
2017 Base Rev. Req.	\$5,387,384	\$6,511,456	\$1,124,072	21%
2016 Base Rev. Req.	\$5,266,260	\$6,181,177	\$914,917	17%
Proposed Rev. Change (\$)	\$121,124	\$330,279	\$209,155	173%
Proposed Rev. Change (%)	2.3%	5.3%		

E. If the Commission Adopts SCE's Proposals, Ratepayers Will Experience Much Larger Cumulative Revenue Increases Over the 3-Year Period from 2015 thru 2017 than if the Commission Adopts ORA's Recommendations

Table 1-7 shows the impact of SCE's requested revenue increases during TY 2015 and the 2016-2017 post test years. If the Commission adopts SCE's proposals, customers would experience an \$879 million increase in revenue

⁶ Ex. SCE-14, Attachment 16, p. 11, Table III-5.

⁷ Id.

1 requirement levels by the end of the 3-year rate case cycle, over currently
2 authorized 2015 levels.

3 Adopting ORA's recommendations would result in a lower, more reasonable,
4 \$245 million decrease in revenue requirement levels during that same period.

5 **Table 1-7**
6 **ORA Recommends Significantly Lower GRC Revenue Increases**
7 **For 2015-2017 Compared to SCE's Requests**
8 **(in Millions of Dollars)**

Year	Present Revenues	SCE's Proposals for 2015-2017 Revenue Requirement			ORA's Recommendations for 2015-2017 Revenue Requirement		
		Current Year Change	Current Year Total	Percent Change	Current Year Change	Current Year Total	Percent Change
2015	\$5,632	\$228	\$5,860	4%	\$(465)	\$5,168	(8.5)%
2016		\$321	\$6,182	5.5%	\$98	\$5,266	1.9%
2017		\$330	\$6,511	5.3%	\$121	\$5,387	2.3%

9 **III. PROCEDURAL BACKGROUND AND SCHEDULE**

10 On July 15, 2013, SCE tendered its Notice of Intent (NOI) with the
11 Commission to file a GRC application for Test Year 2015, as well as Post Test Years
12 2016 and 2017, for a 3-year rate case cycle. On September 10, 2013, ORA
13 accepted SCE's NOI for a 2015 GRC.

14 On November 12, 2013, SCE filed its GRC Application, A.13-11-003, with the
15 Commission. ORA filed a timely Protest on December 16, 2013.

16 A Prehearing Conference (PHC) was held on February 11, 2014. A Joint
17 Scoping Memo and Ruling of the Assigned Commissioner and Assigned ALJs was
18 issued on March 27, 2014. The Joint Scoping Memo established the schedule for
19 Public Participation Hearings in late May and early June 2014, along with a
20 preliminary schedule. On May 15, 2014, an Assigned Commissioner's Ruling
21 Amending the Scoping Memo and Ordering Supplemental Testimony Regarding
22 Risk Management and Safety Matters was issued. A Status Conference was held
23 on July 18, 2014. The following procedural schedule has been established:

Table 1-8
Procedural Schedule for SCE 2015 GRC

Description	Date
SCE Serves Supplemental Testimony on Risk Management/Safety	July 3, 2014
SCE Supplemental Testimony, Telecom Items	July 28, 2014
ORA Serves Testimony	August 4, 2014
Safety & Enforcement Division Report	August 15, 2014
Intervenors Serve Testimony	August 18, 2014
Rebuttal Testimony Due	September 15, 2014
Evidentiary Hearings Scheduled to Begin	September 29, 2014
Evidentiary Hearings End	October 31, 2014
Opening Briefs	November 25, 2014
Reply Briefs	December 11, 2014

The procedural schedule requires ORA to serve its testimony by August 4, 2014. ORA fulfills the requirement by serving its testimony today.

IV. ORA's ANALYSIS

ORA is responding to SCE's TY 2015 GRC Application, A.13-11-003, with the issuance of its reports and exhibits.

ORA's team for this case consists of 26 persons responsible for the project coordination, support, financial review, and analytical responsibilities needed to process SCE's GRC application. ORA's "Qualifications of Witnesses" exhibit provides details on ORA's multi-disciplinary team with backgrounds in engineering, accounting, economics, finance and policy. ORA submitted over 300 data request sets to SCE.

ORA submits the following reports in support of its recommendations:

- Report on the Results of Operations for Southern California Edison Company General Rate Case Test Year 2012 (Exhibits ORA-1 through ORA-25).
- Report on the Results of Examination for Southern California Edison Company General Rate Case Test Year 2012 (Exhibit ORA-26).
- Qualifications of Witnesses for Southern California Edison Company General Rate Case Test Year 2012 (Exhibit ORA-27).

1 **V. ORGANIZATION OF ORA's SHOWING / SUMMARY OF**
2 **DIFFERENCES**

3 This section briefly: (1) indicates how ORA's exhibits are organized; and (2)
4 briefly highlights the major differences between ORA and SCE with respect to the
5 various elements of revenues, operating expenses, and capital expenditures.

6 **A. Organization of ORA's Exhibits**

7 Table 1-9 shows the specific exhibit(s) and subject matter(s) for which each
8 ORA witness is responsible.

9

Table 1-9
ORA Exhibits with Corresponding Subject Matter and Witnesses

Exhibit No.	Subject	Witness
ORA-1	Executive Summary	Truman Burns
ORA-2	Summary of Earnings and Jurisdictional Allocation	Jean Jarjoura
ORA-3	Sales, Customers and Other Operating Revenues	Marek Kanter
ORA-4	Cost Escalation	Thomas Renaghan
ORA-5	Nuclear Generation Costs	Scott Logan
ORA-6	Power Procurement Costs	Galen Dunham
ORA-7	Non-Nuclear Generation Costs	Peter Morse
ORA-8	Transmission and Distribution Business Unit O&M Expenses (Part 1 of 2)	Eleanor Jaeger
ORA-9	Transmission and Distribution Business Unit Expenses and Other Operating Revenues (Part 2 of 2)	Tamera Godfrey
ORA-10, 11 & 12	Transmission & Distribution Business Unit Capital Expenditures (3 Parts)	Laura Krannawitter, Gregory Wilson and Mark Bumgardner
ORA-13	Customer Service Costs	Sophie Chia
ORA-14	Information Technology Capital Costs	Jerry Oh
ORA-15	Information Technology Expenses	Camille Watts-Zagha
ORA-16	Human Resources and Executive Officers, Short- and Long-Term Incentives and Recognition Programs	Dao Phan
ORA-17	Human Resources Benefits & Other Compensation Total Compensation Study	Stacey Hunter
ORA-18	Safety, Security and Compliance	Katie McNabb
ORA-19	Administrative and General Expenses and Capitalization Rates, Financial Services Department, Audit Services Department, Property and Liability Insurance, Legal (Law, Claims and Workers Compensation) Operational Excellence	Donna-Fay Bower
ORA-20	Operational Services Expenses and Capital	Lindsay Laserson
ORA-21	External Relations Expenses	Mark Loy
ORA-22	Tax Expenses	Mariana Campbell
ORA-23	Depreciation Expense and Reserve, Asset Depreciation Rate Changes	Matthew Karle
ORA-24	Rate Base	Godson Ezekwo
ORA-25	Post Test Year Ratemaking	Truman Burns
ORA-26	Report on Results of Examination	Mark Waterworth & Joyce Lee
ORA-27	Qualifications of Witnesses	Various

1 **B. Summary of ORA’s Recommendations**

2 The following briefly summarizes the recommendations contained within each
3 of ORA’s report exhibits that address SCE’s application.

Exhibit ORA-1 Executive Summary
This exhibit provides a brief overview of SCE’s request; presents the overall organization of ORA’s exhibits; and summarizes the differences between ORA’s and SCE’s estimates for Test Year 2015 and Post Test Years 2016-2017.

4

Exhibit ORA-2 Summary of Earnings and Jurisdictional Allocation
<p>This exhibit compares ORA’s and SCE’s Summary of Earnings for 2015.</p> <p>Also, ORA does not take issue with SCE’s proposed jurisdictional allocation factors, which are used to allocate costs and revenue requirement between the Federal Energy Regulatory Commission (FERC) and California Public Utilities Commission (CPUC) jurisdictions.</p>

5

Exhibit ORA-3 Sales, Customers and Other Operating Revenues
<p>This exhibit addresses issues regarding Sales and Customers forecasts.</p> <ul style="list-style-type: none">• For the residential class of service SCE forecasts 27,758 new meters in 2013, 38,463 new meters in 2014 and 51,238 new meters in TY 2015. ORA’s residential new meter forecasts are 21,840 new meters in 2013, 26,465 new meters in 2014 and 29,560 new meters in TY 2015.• For the non-residential class of service SCE forecasts 5,114 new meters in 2013, 6,542 new meters in 2014 and 8,607 new meters in TY 2015. ORA’s non-residential new meter forecasts are 5,252 new meters in 2013, 5,947 new meters in 2014 and 6,943 new meters in TY 2015.• ORA recommends increasing SCE’s Other Operating Revenue forecast for TY 2015 by the amount of \$0.83 million.

6

1

Exhibit ORA-4 Cost Escalation
<p>This exhibit addresses issues regarding SCE's proposed escalation factors for this rate case.</p> <ul style="list-style-type: none"> • For 2013, 2014, and TY 2015 ORA forecasts labor escalation rates of 2.79%, 2.31% and 2.59%, respectively. SCE forecasts slightly higher escalation rates of 2.79%, 2.36% and 2.53%. • ORA forecasts different non-labor escalation rates and other escalation rates based on using more recent forecasts from the IHS Global Insight Power Planner.

2

Exhibit ORA-5 Nuclear Generation Costs
<p>This exhibit addresses issues related to SCE's share of Nuclear Generation expenses for 2015 and capital expenditures for the 3-year period from 2013-2015.</p> <ul style="list-style-type: none"> • SONGS costs have been removed from the GRC. • For the Palo Verde Nuclear Generating Station (PVNGS), ORA does not take issue with SCE's request for \$73.8 million in expenses. • For PVNGS, ORA does not take issue with SCE's request for \$94.8 million in capital expenditures for 2013-2015.

3

Exhibit ORA-6 Power Procurement Costs
<p>This exhibit addresses issues related to SCE's Power Procurement Business Unit expenses for 2015 and capital expenditures for the 3-year period from 2013-2015.</p> <ul style="list-style-type: none"> • ORA agrees with SCE's request for \$39.9 million in expenses. • ORA recommends \$3.1 million in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request for \$7.0 million. <p>ORA's adjustments are primarily due to using more recent data where appropriate.</p>

4

1

Exhibit ORA-7 Non-Nuclear Generation Costs
<p>This exhibit addresses issues related to SCE's Non-Nuclear Generation expenses for 2015 and capital expenditures for the 3-year period from 2013-2015.</p> <ul style="list-style-type: none"> • ORA recommends \$112 million in non-nuclear generation expenses, as compared to SCE's request of \$124 million. In particular, ORA's adjustments address SCE's hydroelectric system, Mountainview power plant, Peakers and Solar Photovoltaic Program. • ORA recommends \$223.5 million in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request of \$ 282.6 million. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and rejecting various projects that are not cost-effective.</p>

2

Exhibit ORA-8 Transmission and Distribution Business Unit O&M Expenses (1 of 2)
<p>This exhibit addresses issues regarding SCE's Transmission and Distribution Business Unit (TDBU) expenses.</p> <ul style="list-style-type: none"> • ORA recommends \$50.7 million for Engineering and Grid Technology O&M expenses, compared to SCE's request of \$54.5 million. • ORA recommends \$13.2 million for Customer Driven Programs and Distribution Construction O&M expenses, compared to SCE's request of \$16.0 million. • ORA recommends \$26.4 million for Pole Loading Program expenses, compared to SCE's request of \$38.7 million. • ORA recommends \$77.6 million for Transmission and Substation Maintenance O&M expenses, compared to SCE's request of \$86.2 million. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and lower forecasts of unit costs and/or activity levels.</p>

3

1

Exhibit ORA-9 Transmission and Distribution Business Unit Expenses and Other Operating Revenues (2 of 2)
<p>This exhibit addresses issues regarding SCE's Transmission and Distribution Business Unit (TDBU) expenses and Other Operating Revenues for 2015.</p> <ul style="list-style-type: none"> • ORA recommends \$407.8 million for Transmission & Distribution O&M expenses, compared to SCE's request of \$445.9 million. • ORA recommends \$128 million for TDBU-related Other Operating Revenues, compared to SCE's request of \$125 million. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and lower forecasts of unit costs and/or activity levels.</p>

2

Exhibit ORA-10 Transmission and Distribution Business Unit Capital Expenditures (1 of 3)
<p>This exhibit addresses issues regarding SCE's Transmission and Distribution Business Unit capital expenditures for the 3-year period from 2013-2015, associated with Engineering and Grid Technology and System Planning programs.</p> <ul style="list-style-type: none"> • ORA recommends \$1.323 billion in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request of \$1.715 billion. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and eliminating unnecessary and/or duplicative projects. ORA recommends use of 2013 recorded capital cost data.</p>

3

Exhibit ORA-11 Transmission and Distribution Business Unit Capital Expenditures (2 of 3)
<p>This exhibit addresses issues regarding SCE's Transmission and Distribution Business Unit capital expenditures for the 3-year period from 2013-2015, associated with Infrastructure Replacement, Customer Driven and Pole Loading programs.</p> <ul style="list-style-type: none"> • ORA recommends \$2.525 billion in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request of \$3.139 billion. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and eliminating unnecessary and/or duplicative projects. ORA recommends use of 2013 recorded capital cost data.</p>

4

1

Exhibit ORA-12 Transmission and Distribution Business Unit Capital Expenditures (3 of 3)
<p>This exhibit addresses issues regarding SCE's Transmission and Distribution Business Unit capital expenditures for the 3-year period from 2013-2015, associated with Distribution Maintenance, Grid Operations and Transmission and Substation Maintenance programs.</p> <ul style="list-style-type: none"> • ORA recommends \$1.814 billion in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request of \$2.295 billion. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and eliminating unnecessary and/or duplicative projects. ORA recommends use of 2013 recorded capital cost data.</p>

2

Exhibit ORA-13 Customer Service Costs
<p>This exhibit addresses issues related to SCE's Customer Service Business Unit (CSBU) expenses and Other Operating Revenues for 2015, and capital expenditures for the 3-year period from 2013-2015.</p> <ul style="list-style-type: none"> • ORA recommends \$210 million in expenses, compared to SCE's request of \$227 million. • ORA recommends \$41.6 million in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request of \$86 million. • ORA does not oppose SCE's request of \$33.5 million in CSBU-related Other Operating Revenues. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, using more recent data where appropriate, and lower forecasts of unit costs and/or activity levels.</p>

3

Exhibit ORA-14 Information Technology Capital Costs
<p>This exhibit addresses issues related to SCE's Information Technology capital expenditures for 2013-2015.</p> <ul style="list-style-type: none"> • ORA recommends \$745.4 million in capital expenditures for the three year period, compared to SCE's request of \$947.6 million. <p>ORA's adjustments are primarily due to differences regarding forecasting methodology, and using more recent data where appropriate. ORA recommends use of 2013 recorded capital cost data.</p>

4

Exhibit ORA-15
Information Technology Expenses

This exhibit addresses issues related to SCE's Information Technology expenses for 2015.

- ORA recommends \$204 million in expenses, compared to SCE's request of \$229 million.

ORA's adjustments are primarily due to differences regarding forecasting methodology, and using more recent data where appropriate.

1

Exhibit ORA-16
Human Resources and Executive Officers, Short- and Long-Term Incentives and Recognition Programs

This exhibit addresses issues regarding SCE's Human Resources and Executive Officers expenses (excluding Pensions and Benefits), Short-Term Incentive Programs, Long-Term Incentive Program, and Recognition Programs for 2015.

- ORA recommends \$53.7 million in Human Resources and Executive Officers expenses, compared to SCE's request of \$61.3 million.
- ORA recommends \$96.4 million for Short-Term Incentive Program expenses, compared to SCE's request of \$143.5 million.
- ORA recommends no ratepayer funding for Long-Term Incentive Program expenses, compared to SCE's request of \$18.1 million.
- ORA recommends no ratepayer funding for Recognition Programs, compared to SCE's request of \$2.9 million.

2

Exhibit ORA-17
Human Resources Benefits & Other Compensation Total Compensation Study

This exhibit addresses issues regarding SCE's Pensions, Benefits and other compensation costs for 2015.

- ORA recommends \$376.7 million in expenses, compared to SCE's request of \$464.8 million. In particular:
 - ORA forecasts \$150.5 million in pension contributions, compared to SCE's request of \$168.4 million.
 - ORA forecasts \$58.4 million in 401(k) Savings Plan contributions, compared to SCE's request of \$64.9 million.
 - ORA forecasts \$97.0 million in medical costs, compared to SCE's request of \$131.1 million.

ORA recommends no ratepayer funding for supplemental executive benefits, compared to SCE's request of \$17.3 million.

3

<p style="text-align: center;">Exhibit ORA-18 Safety, Security and Compliance</p>
<p>This exhibit addresses issues regarding SCE's safety, security and regulatory compliance costs for 2015.</p> <ul style="list-style-type: none"> • ORA recommends \$67.7 million in expenses, compared to SCE's request of \$74.9 million. • ORA opposes SCE's recovery of SONGS-related marine mitigation capital costs, instead these costs should be expensed.

1

<p style="text-align: center;">Exhibit ORA-19 Administrative and General Expenses and Capitalization Rates, Financial Services Department, Audit Services Department, Property and Liability Insurance, Legal (Law, Claims and Workers Compensation) Operational Excellence</p>
<p>This exhibit addresses issues regarding certain SCE Administrative and General (A&G) expenses and A&G capitalization rates for 2015, and capital expenditures for the 3-year period from 2013-2015.</p> <ul style="list-style-type: none"> • ORA recommends Operational Excellence (OE) savings of \$125 million, as opposed to SCE's estimate of \$83 million. ORA recommends OE capital savings of \$33.5 million, as opposed to SCE's estimate of \$32.8 million. • ORA recommends A&G expenses of \$250.3 million, compared to SCE's request of \$255.5 million. • ORA does not oppose SCE's proposed A&G and P&B capitalization rates.

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<p style="text-align: center;">Exhibit ORA-20 Operational Services Expenses and Capital</p>
<p>This exhibit addresses issues related to SCE's Operational Services Support Business Unit expenses for 2015 and capital expenditures for the 3-year period from 2013-2015.</p> <ul style="list-style-type: none"> • ORA recommends \$58.3 million in expenses, compared to SCE's request of \$64.3 million. • ORA recommends \$286.4 million in total capital expenditures for the 3-year period from 2013-2015, compared to SCE's request of \$295.3 million.

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Exhibit ORA-21 External Relations Expenses
<p>This exhibit addresses issue regarding SCE's External Relations expenses for 2015.</p> <ul style="list-style-type: none"> • ORA recommends \$164 million in expenses, compared to SCE's request of \$175.7 million. <p>ORA's adjustments are primarily due to differences regarding Corporate Communications, Integrated Planning and Regulatory Operations and Regulatory Policy Affairs reductions.</p>

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Exhibit ORA-22 Tax Expenses
<p>This exhibit addresses issues regarding SCE's Income, Payroll, and Property tax expenses for 2015.</p> <ul style="list-style-type: none"> • ORA recommends that appropriate adjustments to the forecasts of SCE's tax expenses should be made in the event the Tax-Extenders Bill or other tax related bills are approved, resulting in changes to the Tax Code related to depreciation, bonus depreciation and/or tax rates that occur prior to a final decision in this GRC. • ORA recommends that the Commission deny SCE's request to establish a tax memorandum account for SCE's Employee Stock Ownership Plan (ESOPTMA).

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Exhibit ORA-23 Depreciation Expense and Reserve, Asset Depreciation Rate Changes
<p>This exhibit addresses issues regarding SCE's depreciation expenses and weighted average depreciation reserve for 2015.</p> <ul style="list-style-type: none"> • ORA recommends that in instances where SCE has recommended net salvage rates more than 25% greater than industry averages, that the Commission retain the status quo. • ORA has applied the concept of gradualism in making recommendations for FERC accounts to which other overriding policy considerations do not apply. For these accounts, ORA recommends a limit to the increase in net salvage of 10% of the increase proposed by SCE. • ORA recommends that SCE be required to undertake a formal, independent, and shareholder-funded comparative study of allocation practices since SCE has not produced such a review in this GRC. • ORA recommends modifications to average service lives, net salvage rates and decommissioning expenses. <p>ORA's adjustments are primarily due to differences regarding net salvage ratios, but also because of differences in plant balances.</p>

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Exhibit ORA-24 Rate Base
<p>This exhibit addresses issues regarding SCE's weighted-average rate base for 2015.</p> <ul style="list-style-type: none"> • ORA recommends \$22.8 billion in rate base, compared to SCE's request of \$23.8 billion (Total Company).⁸ <p>ORA's adjustments are primarily due differences in Materials and Supplies, Working Cash and tax lag days.</p>

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⁸ As presented in Ex. ORA-2, for the CPUC jurisdiction, ORA recommends \$17.6 billion in rate base, compared to SCE's request for \$18.7 billion.

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Exhibit ORA-25 Post Test Year Ratemaking
<p>This exhibit addresses issues regarding SCE's Post Test Year Ratemaking (PTYR) proposals for 2016 and 2017.</p> <ul style="list-style-type: none"> • ORA recommends attrition revenue increases of \$98.2 million (1.9%) and \$121.1 million (2.3%) in 2016 and 2017, respectively, compared to SCE's requested increases of \$320.7 million (5.5%) and \$330.3 million (5.3%), respectively. In particular: <ul style="list-style-type: none"> ➤ ORA recommends a PTYR mechanism whereby SCE receives base margin attrition revenue increases of 1.9% for 2016 and 2.3% for 2017, based on a recent forecast of the Consumer Price Index-Urban (CPI-U) plus 0.5%. <p>ORA also presents alternative recommendations for determining Post Test Year revenue increases should the Commission decide not to adopt ORA's recommended method of increasing base margin revenues by CPI-U plus 0.5%.</p>

2

Exhibit ORA-26 Report on Results of Examination
<p>This exhibit addresses issues regarding ORA's review of SCE's financial records and internal controls for the utility's 2015 GRC application.</p> <p>ORA recommends that specified expenses recorded from 2008-2012 be removed from various accounts, due to the nature of those costs. The removal of such costs may impact 2015 forecasts appearing in other ORA exhibits.</p>

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Exhibit ORA-27 Qualifications of Witnesses
<p>This exhibit presents the qualifications and prepared testimony of ORA's witnesses on the SCE Test Year 2015 General Rate Case.</p>

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